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ABSTRACT

This booklet contains answers to questions that students may ask about financial aid for college. The booklet describes the usual costs of college, and suggests ways students can pay for a college education. The types of financial aid available are described, and the application process is outlined. The booklet offers tips for comparing different kinds of aid, and suggests additional sources for aid, including merit-based aid. Sources for additional information are listed, and a financial aid checklist is included. (SLD)

how much will it cost? how will I pay for it? some answers to your questions!



Cash for College

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helpful financial aid hints...

- ✓ Ask that a school catalog and financial aid information be sent to you. Read them carefully to find out about cost of attendance and other important information.
- ✓ Contact the school's financial aid administrator if you have financial aid questions that are left unanswered by the catalog. There is no charge for the financial aid office's services.
- ✓ Complete all paperwork carefully. Read and follow all instructions.
- ✓ Know the school's deadline dates and meet them.
- ✓ Answer any letters or mail you receive right away. You might miss a deadline.
- ✓ Keep copies of everything – forms you use to apply for financial aid, and any communications you receive or send that are related to your aid application.
- ✓ Reapply each year for financial aid as long as you need it.

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begin here...

Getting the education you want is possible. College isn't easy, but education after high school is within your reach. Succeeding is up to you.

When we say "college," we mean education for at least 2 years after high school. The more education you have, the more career choices you have: it's that simple. The great thing about education after high school is that it doesn't have to happen all at once. You can take it a step at a time.

what does college cost?

College can be expensive if you don't have a plan. Costs vary from school to school, but private schools are generally more expensive than public schools. In addition to tuition, fees, books and supplies, you have to think about living expenses (such as room and board), and other expenses such as health insurance, child care, transportation, and spending money. These expenses are all part of what is called the cost of attendance or COA. The cost of attendance is different for every school.

how will I pay for it?

Students pay for their education in a variety of ways. Most students use a combination of all available forms of financial aid. This booklet is designed to help you understand what financial aid is and how it can help you reach your educational goals.

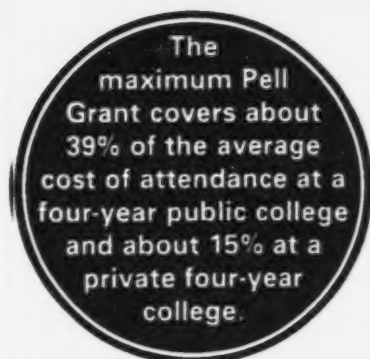
what is financial aid?

Financial aid is money in the form of grants, scholarships, work-study, loans, education tax credits, or a benefit from completing community or military service. Financial aid exists to help students and their families pay for education after high school.

Grants and scholarships don't have to be paid back. They are considered a gift and are called gift aid. Work-study is money that you earn by working at a part-time job while you are in school. A loan is money that you borrow that must be paid back, usually after you leave school. Work-study and loans are sometimes called self-help aid.

Education tax credits, like the Hope Scholarship Tax Credit and the Lifetime





Learning Tax Credit, are available to individuals and families who file a tax return and owe taxes. Tax credits are subtracted from the tax an individual or family owes, rather than reducing taxable income like a tax deduction. To learn more about education tax credits, visit the Department of Education's web site at:

www.ed.gov/offices/OSFAP/Students/taxcuts/index.html or ask your tax advisor.

where does financial aid come from?

The federal government, your state government, schools, employers, and other public and private sources, like clubs and organizations, are all sources of money to help you pay for college.

what kinds of aid are there?

There are two types of financial aid. One is called merit-based aid. Merit-based aid doesn't have anything to do with your family's finances. It is awarded based on how good you are at something, like music, science, or athletics. A scholarship is an example. Merit-based aid usually doesn't have to be paid back, though sometimes there are restrictions or conditions on the award.

The other type is called need-based aid. The amount of need-based aid you receive depends on how much you and your family can afford to pay towards your educational expenses. Generally, both students and their families are expected to help pay for college. This amount you and your family should be able to pay is called the Expected Family Contribution or EFC.

what is financial need?

Financial need is the difference between the Cost of Attendance (COA) and the Expected Family Contribution (EFC). Financial need can be expressed as an equation: COA minus EFC equals financial need. It looks like this:

A graphic showing the equation for financial need. It features a clock icon to the left of the equation. The equation is:
$$\begin{array}{r} \text{COA} \\ - \text{EFC} \\ \hline = \text{Financial Need} \end{array}$$

For each student, the COA will be different at each school, but the EFC stays about the same. A student's need for assistance will differ from school to school because the COA is different.

how is the EFC calculated?

It starts with the *Free Application for Federal Student Aid* (FAFSA). You use it to apply for federal and most state and school financial aid. Your EFC is calculated using a standard formula that uses the information you and your family provide on the FAFSA. You are asked questions about your family size, the number of people in your family that are in college, whether you are a dependent or

independent student, and your and your family's income and assets. Assets are things like cash, checking and savings accounts, ownership of or equity in a business, real estate other than your family home, and investments.

All this information is part of the formula used to calculate your Expected Family Contribution. If your EFC is less than your COA, you may be eligible for need-based financial aid.

how do I know if I am dependent or independent?

Another important function of the FAFSA is determining whether you have dependent or independent student status. This depends mostly on your age, but sometimes on other things. For the 2003-2004 school year (July 1, 2003, through June 30, 2004), the U.S. Department of Education considers the following students to be independent of their parent(s):

- Students who are at least 24 years old by December 31, 2003;
or
- Students who are not yet 24 but who:
 - are orphans (both parents are deceased);
 - are wards of the court, or were until age 18;
 - are veterans of the U.S. Armed Forces;
 - have legal dependents (children or persons other than a spouse);
 - will be graduate or professional students in 2003-2004;
 - are married; or
 - can prove to the school unusual circumstances that show independent status.





The rules about dependency relate to students who are applying for federal financial aid. Most schools use these rules for their own need-based aid programs also. State aid program rules may vary. Ask the financial aid administrator at the school to be sure.

how do I apply for need-based financial aid?

When you fill out the FAFSA, you are applying for need-based aid. To be considered for any of the federal programs sponsored by the U.S. Department of Education and many state or school programs, you must complete a FAFSA. Financial aid is given on a year-by-year basis and you must reapply each year.

what kind of need-based aid is available?

There are three kinds of federal need-based aid: grants, loans, and work-study.

The Federal grant programs:

- Federal Pell Grant, and
- Federal Supplemental Educational Opportunity Grant (FSEOG).

Nationally, about 14% of traditional-aged undergraduates come from families with income of less than \$20,000 per year.

The Federal loan programs:

- Federal Perkins Loan,
- Federal Family Education Loan (FFEL), and
- William D. Ford Federal Direct Loan (also known as the Direct Loan).

The Federal work program:

- Federal Work-Study

To find out about all of these programs in detail, get a free copy of the U.S. Department of Education's Student Guide. It is available on the web at:

www.ed.gov/prog_info/SFA/StudentGuide/
or by calling 1-800-4FEDAID.

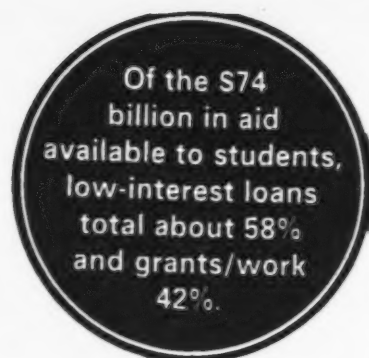
a note on borrowing . . .

Before you borrow, remember that you must repay loans at some point in the future, usually after you leave school. The more you borrow, the more you will have to pay back. Think about your career choice and make sure it will support your monthly loan payments in addition to your living expenses. Be a wise and informed borrower.

You can get more information from your school's financial aid administrator, who can help you understand your rights and responsibilities regarding loans.

where do I get a FAFSA?

The FAFSA is available in two formats: paper and electronic. The paper FAFSA is available from your high school, the school you would like to attend, and the public library, or by calling 1-800-4FEDAID. The electronic FAFSA on the Web is available at www.fafsa.ed.gov.



One of the good things about applying for aid using FAFSA on the Web is that it is designed to help you catch any errors before your application is sent. You can apply on the Web anywhere you have Internet access—at home, school, computer lab, library, community center, or a friend's house—24 hours a day, 7 days a week.

Whatever way you choose to apply, the FAFSA is always free.

deadlines are important!

Financial aid forms and applications are just like homework; you have to turn them in correctly and on time. Now is the best time to start learning this simple fact, if you haven't already. It will help you be more successful in college. Every type of financial aid has a deadline and most of them are different. In order for your application to be considered, each deadline must be met or you are out of the running. Plain and simple.

It is very important to answer questions truthfully and correctly. Follow all the instructions. If you don't, you will create delays in processing your application. Because financial aid is usually given on a first-come, first-served basis, delays are

frustrating and could hurt you. Because it can take several weeks for your FAFSA to be processed, especially if you use the paper FAFSA, it is best to fill out and submit your FAFSA as soon as possible after January 1. Don't wait until the last minute. It's your responsibility to stay on top of things.

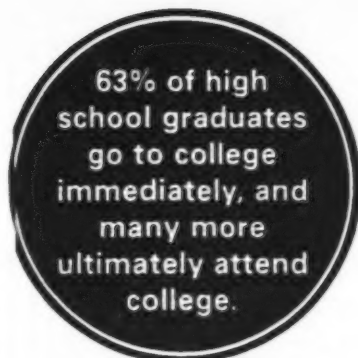
what happens after I send the FAFSA?

After answering all the questions, submit the FAFSA. All your information is transmitted to a central processor where it is reviewed, analyzed, and your EFC is calculated. The information you give is also matched with other information in different federal databases, like Social Security and the Veteran's Administration. The results of this analysis are sent to you in a document called a Student Aid Report or SAR and to the schools you listed on the FAFSA.

In most cases, you will receive your SAR more quickly if you use the electronic FAFSA. Review all the information on your SAR to make sure it is correct. If any information is wrong, call your school immediately to find out how to make corrections.

About 62% of undergraduates at four-year public colleges and 75% of those at four-year private colleges get financial aid.





Keep all parts of your SAR in a safe place. Most schools will not ask you to send your SAR to them, but some schools may need it to make a financial aid offer to you. Check with the school to see if they need a copy of your SAR. If they do, send it right away even if your SAR says you are not eligible to receive certain federal aid. The school might be able to offer you other financial aid based on the information on the SAR.

In addition to your SAR, the Department of Education will also mail you a personal code number, known as a PIN. The PIN serves as an electronic signature and as your identifier to let you access your personal information in various U.S. Department of Education systems. If you do not receive a PIN number from the Department, you can apply for one at www.pin.ed.gov.

how do I know what kind of aid I receive?

The school will send you an award letter or notice that tells you the types and amounts of aid you are eligible for. Most schools award aid in the form of a financial aid package that combines scholarships, grants, loans, and work-study.

The types and amounts of aid you are offered will vary from school to school, depending on available funds and the number of aid applicants. Schools that have more funding may be able to offer larger grant awards, while schools that have less funding may have to offer larger loan or work-study awards. Schools might ask you to formally accept or decline your award and usually require you to do so by a specific date. Remember what we said about meeting deadlines!

what other kind of aid is there?

Aid can also come from the school (institutional aid) or from your state (state financial aid). This aid can be need-based or merit-based. In addition to the FAFSA, some schools or states may ask you to fill out other forms, for which a fee may be charged. These forms contain additional information which schools or states use to decide whether to offer you aid from their resources. Because the types of applications are different from state-to-state and school-to-school, contact the school's financial aid administrator to make sure you complete all the right paperwork on time.

how do I compare different aid offers?

If you are applying for financial aid at more than one school, you may receive several offers of aid. Take a close look at the offers and compare:



- The COA. The more expensive a school is, the more financial aid you may need to make ends meet. A high cost of attendance may not be a problem as long as you can pay for it. Make sure you know what items are included in the cost of attendance, and compare the figures with your own estimates.
- The EFC. Remember, the EFC is not financial aid. It is the amount you and your parents are expected to pay for your education. You and/or your parents may be able to borrow an educational loan to help come up with the Expected Family Contribution.
- The total financial aid package. Remember that grants and scholarships are gifts; you do not have to pay them back or work for them. Compare the total gift aid (grants and scholarships) to the cost of attendance. A high amount of gift aid in the package may mean you will not have to borrow or work as much to meet your expenses. If you need to borrow, remember that the terms and conditions of educational loans can vary. Make sure you understand the terms and the costs (i.e., interest rate, loan fees, and repayment schedule) of each loan you are offered.

75% of full-time undergraduates who attend four-year colleges face tuition charges, before student aid, of less than \$8,000.



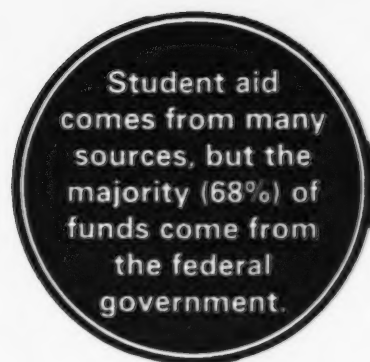
- **Unmet financial need.** If the aid package does not contain enough money to cover all your financial need, you will have to come up with the difference, in addition to the EFC. This may mean you need to borrow more or find a part-time job.
- **Restrictions or conditions of the award.** Look carefully at the things you must do to receive and keep your financial aid.
- **Beware of the bottom line.** The total amount of aid in your package is not necessarily the most important figure. Consider the whole package, starting with the cost of attendance. Subtract the financial aid offer from the cost of attendance to see exactly how much you and your family will have to pay, then decide.

what if I don't get need-based aid?

If you do not qualify for need-based aid, or if you feel your award is not enough to allow you to go to school, contact the financial aid administrator to ask about other options. You may have special circumstances that were not considered when your eligibility for aid was determined. The financial aid administrator can also recommend other fund sources, including the Federal PLUS/Direct PLUS loan, the unsubsidized Federal Stafford or Direct Loan programs, or merit-based aid.

how do I apply for other merit-based aid?

After applying for merit-based aid from the school and your state, take charge and begin



your own search for merit-based aid from other private sources. You can do this on the Internet and in the library. Looking for merit-based aid takes time and effort. It doesn't just fall in your lap. Think about your search for college money as part of learning about how college works. The time spent will be worth it.

Some high schools, colleges, and libraries have computerized scholarship listings that will help you find possible sources of funds. When using a scholarship search, ask your school counselor if the organization is reliable and has a good reputation. There are some scholarship searches that will charge you a fee for their services. Be careful. You might be able to find everything you need on the Internet for free!

where can I get more information?

Contact the financial aid administrator at each school you are considering. Look for the school's web site on the Internet. More and more schools are sharing information electronically with prospective students and their families. The public library is also an excellent place to find information about

paying for college. If you are in high school, you may want to talk to your high school counselor.

The Internet is a great place to look for information. NASFAA's web site at www.nasfaa.org has an information page for students and parents. The site helps you understand both the academic and financial aid issues related to education after high school. The site contains helpful worksheets and easy to understand guides, including a calendar checklist for grades 8 - 12 to help you prepare for college.

The NASFAA web site also has links to free scholarship search databases at www.nasfaa.org/subhomes/abcs/other.html. To see these links, scroll to the bottom of the page.

what do financial aid administrators do?

Every school that has a financial aid program employs a financial aid administrator (FAA) to watch over and be responsible for the entire aid process at that school.

The FAA is a professional, available to help you and your family complete financial aid forms, answer questions, calculate your COA, and determine your financial need. To do this, he or she may ask for documents describing your family's financial condition, such as U.S. income tax returns. If you can show that you have need, your financial aid administrator will try to award you enough aid to meet that need.

The financial aid administrator is your best source of information about financial aid

programs and application procedures. Don't hesitate to call with your questions. The FAA is there to help you and your family and their help is always free.

about financial aid consultants . . .

A financial aid consultant is different from a financial aid administrator. Financial aid consultants will usually charge a fee based on the services provided and the student's particular needs. A financial aid administrator will perform these same services for free. Before considering a consultant, speak to a financial aid administrator first. Even if you are planning to attend another school, you can still contact a local financial aid office for information.

Before you sign up with a consultant, be sure to request a list of professional references from the consultant and contact those references. If you decide to use the services of a consultant, remember the following:

- The consultant's fee should be refundable if the application is completed incorrectly.
- Never agree to a fee based on the percentage of aid received. A financial aid consultant cannot guarantee you will receive financial aid. Certain scholarships and grants awarded by schools are from funds that may or may not be awarded to every student each year.
- If the consultant prepares the FAFSA for you, he or she must sign the FAFSA as a preparer.

- Never sign a blank form. You and your parents should always review and sign the FAFSA after it has been prepared, and you should mail it to the FAFSA processor yourselves. You are legally responsible for the information contained on the form. As with all important documents, you should keep copies of the FAFSA and other applications for your files, even if someone has helped you with their preparation.

your future . . .

Whatever your goals are, your education is the best investment you can make in yourself, and you deserve the best. Important investments generally take money, time, and effort; they may also involve some risk. Fortunately, when it comes to investing in education, you can eliminate most of the risk and you can find financial help, if it is necessary. Only you can provide the time and effort. Good luck!

More than
half of all BA
recipients graduate
with student loan debt.
The average is roughly
\$15,800 from public
institutions, and
\$17,625 from
private.



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financial aid checklist

This checklist will help you keep track of important information and dates in the financial aid application process. It is a good idea to keep copies of everything. You will find it helpful to keep a folder of all records for each school where you apply.

Name of school			
Date school catalog requested			
Deadline for admission			
Date admission application sent			
Deadline for FAFSA			
Date FAFSA sent			
Date other financial aid forms sent			
Date all parts of SAR sent to school, if required			

Dates you received and responded to inquiries from:

Application Processor			
School			
Other Agencies			
Date you received award letter			
Date you accepted/declined and returned award offer			



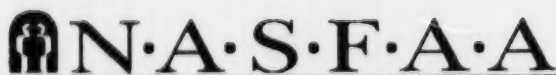
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Due to the nature of federal, state, and institutional guidelines affecting student aid programs, the information contained herein is subject to change without notice.

The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit association of postsecondary institutions, individuals, agencies, and students interested in promoting the effective administration of student financial aid in the United States.



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